

BILL ANALYSIS

Senate Research Center

S.B. 230
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The enactment of the Dodd-Frank Act amended the federal Electronic Funds Transfers Act (EFTA), which governs the rights, liabilities, and responsibilities of consumers participating in electronic fund transfers. Under Texas law, Chapter 4A of the Uniform Commercial Code governs funds transfers. Currently, Chapter 4A exempts funds transfers that are governed by the EFTA, as the EFTA preempts state law in this area.

Prior to passage of the Dodd-Frank Act, remittance transfers, commonly referred to as consumer international wire transfers, were governed by the EFTA. However, the changes made to the EFTA by the Dodd-Frank Act created an inadvertent statutory gap, and as a result, remittance transfers are no longer governed by the EFTA or Texas law.

S.B. 230 amends Section 4A.108 of the Uniform Commercial Code to make it applicable to remittance transfers unless the remittance transfer also constitutes an electronic fund transfer as defined by the EFTA. S.B. 230 ensures that remittance transfers remain a valid, legal means for consumers to transfer funds.

S.B. 230 amends current law relating to the applicability of state law governing funds transfers to certain remittance transfers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4A.108, Business & Commerce Code, as follows:

Sec. 4A.108. New heading: RELATIONSHIP TO ELECTRONIC FUND TRANSFER ACT. (a) Creates this subsection from existing text. Provides that this chapter does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act, 15 U.S.C. Sec. 1693 et seq., as amended from time to time, except as provided in Subsection (b).

(b) Provides that this chapter applies to a funds transfer that is a remittance transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec. 1693o-1), as amended from time to time, unless the remittance transfer is also an electronic fund transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec. 1693a), as amended from time to time.

(c) Provides that in a funds transfer to which this chapter applies, in the event of an inconsistency between the applicable provision of this chapter and an applicable provision of the Electronic Fund Transfer Act, the applicable provision of the Electronic Fund Transfer Act governs to the extent of the inconsistency.

SECTION 2. Effective date: September 1, 2013.